annual report

WESTEEL-ROSCO LIMITED

1967

FINANCIAL HIGHLIGHTS OF THE YEAR 1967

	1967	1966
SALES	$60,256,000	$66,866,000
EARNINGS	751,000	1,505,000
per share	1.55	3.12
DIVIDENDS paid to shareholders	290,000	289,000
per share	.60	.60
SHAREHOLDERS' INVESTMENT at year end	13,480,000	12,998,000
per share	27.84	26.96
CAPITAL EXPENDITURES	652,000	1,124,000
DEPRECIATION	789,000	799,000
TOTAL ASSETS	33,803,000	35,618,000
WORKING CAPITAL	11,380,000	7,182,000

WESTEEL-ROSCO LIMITED

BOARD OF DIRECTORS

P. F. Fowle	Toronto
Chairman of the Board, Westeel-Rosco Limited	
N. J. Alexander	Winnipeg
Managing Partner, Richardson Securities of Canada	
E. C. Bovey	Toronto
President, Northern and Central Gas Co. Ltd., Twin City Gas Co. Ltd., Le Gaz Provincial du Nord de Québec Ltée.	
M. A. Buell	Toronto
Executive Vice-President, Westeel-Rosco Limited	
R. M. Calhoun	Toronto
President, Westeel-Rosco Limited	
F. L. Glasgow	Montreal
Executive Vice-President and Director Royal Securities Corporation Ltd.	
W. S. Martin, Q.C.	Winnipeg
Partner, Tallin Kristjansson Parker Martin & Mercury	
J. L. Reynolds	Richmond, Va.
Chairman and Chief Executive Officer Reynolds International Inc.	
A. Robertson	Winnipeg
President and General Manager The Winnipeg Supply & Fuel Co. Ltd.	

WESTEEL-ROSCO LIMITED

OFFICERS

Chairman of the Board	P. F. Fowle
President	R. M. Calhoun
Executive Vice-President	M. A. Buell
Vice-President	A. H. Mack
Vice-President	P. F. Davidson
Vice-President	W. D. Dertell
Vice-President	H. Dutton
Vice-President, Manufacturing	W. E. Thompson
Controller	D. J. Cobban
Secretary-Treasurer	L. J. Rentner

SUBSIDIARIES

Canada Culvert Co. Limited
Columbia Metal Rolling Mills Limited
P. Graham Bell Associates Limited
Westeel-Rosco Erectors Limited
Prairie Metal Products Limited

TRANSFER AGENTS AND REGISTRAR

National Trust Company Limited
Montreal, Toronto, Winnipeg, Calgary, Vancouver

BANKERS

The Toronto-Dominion Bank

AUDITORS

Clarkson, Gordon & Co.

COUNSEL

Blake, Cassels & Graydon

DIRECTORS' REPORT TO THE SHAREHOLDERS

The audited consolidated financial statements of your Company and its subsidiaries for the year ended December 31, 1967 are submitted herewith.

Sales and net profit after full allowance for income taxes for 1967 were $60,256,000 and $751,000. These results contrast with the comparable 1966 results of $66,866,000 and $1,505,000.

The past year has been a difficult one for your Company, as it has been for others associated with the construction industry. There were considerable labor difficulties throughout the year, highlighted by a twenty-one week construction strike in the company's largest single market area, Toronto and southwest Ontario, a three week strike at the Rexdale, Ontario plant, and some prolonged labor negotiations in your British Columbia and Alberta plants. This labor unrest coincided with a significant decrease in the level of activity in those areas of the Canadian construction market serviced by your Company. We had anticipated an improvement once the Southern Ontario area labor difficulties were resolved but, in fact, the decline in activity continued. As well, serious new competition developed in two of our major product lines bringing considerable deterioration in selling prices.

Your Company continued with its facility improvement program and, while there were major relocation expenses, all of which were absorbed in 1967, the resulting plant efficiencies experienced during late 1967 augur well for future years.

SALES

While some success was achieved in increasing our share of the market, the decrease in construction activity and lower selling prices combined to reduce the total sales of the Company.

Building Products

This product line, which is aimed at the commercial, industrial, educational and government construction markets, followed the downturn in construction awards and accounted for the largest part of the total sales decline. However, the decline in sales in these markets, which began in mid-1966, appears to be coming to an end and some recovery may be experienced during the latter part of 1968. Further improvements in manufacturing and marketing techniques will enable your Company to compete more vigorously.

Highway and Drainage Products

Late in 1966 road contract awards in certain provinces commenced to decline—this pattern is continuing. Despite this trend, sales of this product group remained at a reasonably satisfactory level, although prices continued to deteriorate. The efficiencies developed through the use of our high-speed automatic machine for the production of corrugated metal pipe were better than expected, and an order for a similar machine has been

placed for installation in Western Canada. We expect, based on the 1968 plans of the various levels of government, that sales will improve during the next year, although little improvement in prices is foreseen.

Farm Products

Unfavorable spring weather in Western Canada in 1967 and early reports of substantial reductions in the final crop combined to lower the sales volume in this product group from that achieved in 1966. As will be discussed in a later section of this report, certain export markets are being developed, and sales increases are anticipated.

Warehouse Products

This product group, which includes galvanized steel sheets, hot and cold rolled steel sheets, aluminum sheets, and copper sheets, reacted in line with the decreased construction tempo, and sales were unable to reach the 1966 level. Some improvement is looked for in 1968, particularly during the latter half.

Transportation Products

Sales in this category, which covers truck tanks, semi-trailer tanks and refuellers, held their own with 1966.

Residential Products

Sales of this product group increased over 1966 in line with the upturn in housing construction. Further gains are anticipated in 1968.

In summary, the decline in the construction industry where most of the Company's sales are made, resulted in a decrease in 1967 sales when compared with the level achieved in 1966. Extreme pressure has been applied to selling prices, and while there will be further price deterioration in 1968, we expect the rate of decline to be slowed and increases recorded in the latter part of the year.

FINANCIAL

An operating profit, (before income tax) of $1,449,000 was recorded in 1967. Operating profit, expressed as a percentage of sales, declined from 4.53% in 1966 to 2.4%. This decrease reflects the lower level of activity experienced during 1967. While further operating cost savings were achieved, higher prices for materials and labor could not be reflected in full in the sale price of our products.

The Company continued its past practice of absorbing on a current basis all the relocation costs involved in its facilities improvement programme. Disruption in production and heavy break-in costs arising from the changes made during 1967 were reflected in the operating results. While the full costs of these changes are not definable, certain readily identified expenses incurred in this programme amounting to $195,000 have been set out, on an after-tax basis, in the Profit and Loss Statement. A profit of $144,000 was recorded on the plants sold during 1967.

In accordance with certain provisions of the Income Tax Act, the Company has charged depreciation for income tax purposes in excess of the amounts recorded in the accounts. As well, certain elements of income

have been deferred for tax purposes. The aggregate deferred taxes now amount to $1,686,000.

The Company, in accordance with the recent recommendation of the Canadian Institute of Chartered Accountants, has reclassified deferred taxes, and the part applicable to the deferral of income for tax purposes has been shown in the current liability section of the Balance Sheet as "Deferred Taxes — Current". This change has the result of reducing the indicated working capital by $1,033,000 in 1967. For comparative purposes, the working capital figure in the accompanying balance sheet for 1966 has been restated by a downward adjustment of $1,036,000.

The net profit for the year amounted to $751,000 equal to $1.55 per share, compared with $1,505,000 or $3.12 per share earned during 1966.

During 1967 the Company negotiated a five-year term loan in the amount of $4,000,000. The effect of this change together with the 1967 operations and the reclassification of the deferred income tax previously mentioned, resulted in working capital increasing to $11,380,000 from $7,182,000, and the ratio of current assets to current liabilities increased to 1.79 from 1.36.

Four quarterly dividends of 15 cents per share were disbursed during the year.

Net capital expenditures during 1967 totalled $652,000.

This net amount encompasses a vast amount of consolidation. The two major operations in the Toronto area were consolidated during 1967. The Company owned two large properties; one in Oakville and one in Rexdale with large plants at both sites. In order to effect savings in manufacturing, transportation and administration, the property and plant at Oakville were sold in mid-1967. By the end of 1967, a 78,000 square foot building was constructed at the Rexdale site to replace the plant at Oakville, and operations commenced in early 1968.

The Company began the reconstruction of the St. Boniface plant in the fall of 1967, in order to provide an efficient, highly versatile plant and warehouse. This fully modernized plant will permit substantial economies in production and will be in full operation by late spring.

The Company has also completed the installation of locker manufacturing equipment in Montreal. A high-speed line, in conjunction with flexible painting facilities, will result in improved service, and cost savings can be expected.

BOARD OF DIRECTORS

We are pleased to report that Mr. J. L. Reynolds, Chairman and Chief Executive Officer of Reynolds International Inc., was appointed to the Board following the Special Shareholders' Meeting held on July 6, 1967. We have recently received the resignation of Mr. B. R. Allan, who provided valuable service and counsel throughout his association with your Com-

pany. It is proposed that Mr. Paul H. Fox, who is Vice-President and General Manager, Building Products and Supply Division, Reynolds Metals Company, and President, Reynolds Aluminum Supply Company be elected to fill this vacancy.

OUTLOOK

For many years, your Company has participated in the materials storage field. Studies have confirmed that this market is expanding rapidly, and we have recently established the Cubic Storage Systems Division to enable the Company to penetrate this market more deeply.

Your Company has actively explored the export of grain storage equipment. We are convinced that markets outside of Canada are available, and the establishment of an export marketing sales force by the company is well under way. Sales have been obtained in certain northern states in the United States, and we are hopeful of securing sales in Central America. Additional products related to grain storage are under active study, and the prospect of being able to supply complete storage systems is encouraging.

Progress can be reported in your Company's endeavor to participate in two growing markets: Containerization and Dust Collection Systems.

While these and other areas of future growth are being actively pursued, forecasts of the trend of general economic tempo for 1968 indicate a continuation of the pause in the economy. Pressure on profits is likely to continue through increased costs and less buoyant market conditions.

The virtual completion of the major building programmes referred to earlier and the installation of modern materials handling equipment will, we are confident, result in substantial savings through manufacturing efficiencies. No significant labor contracts are due to be negotiated in 1968. In summary, we anticipate a satisfactory performance this year resulting in a recovery of our profit position.

We wish to record our appreciation of the services rendered by the employees of the Company and its subsidiaries during 1967. Their response to the difficulties experienced during the past year inspires confidence in the Company's success in the future and we look forward to improved results being attained despite the present softness in certain segments of the Canadian economy.

Submitted on behalf of the Board.

P. F. FOWLE
Chairman of the Board

R. M. CALHOUN
President

Toronto, March 14, 1968.

WESTEEL-ROSCO LIMITED
(Incorporated under the laws of Canada)

Consolidated Balance Sheet

December 31, 1967
(with comparative figures at December 31, 1966)

ASSETS

	1967	1966
Current:		
Accounts receivable less allowance for doubtful accounts	$14,928,000	$16,793,000
Inventories — valued at the lower of cost or market	10,701,000	10,551,000
Prepaid expenses	109,000	59,000
Total current assets	$25,738,000	$27,403,000
Other:		
Special refundable tax	$ 66,000	$ 42,000
Mortgages receivable	467,000	504,000
Total other assets	$ 533,000	$ 546,000
Fixed — at cost:		
Land	$ 966,000	$ 1,071,000
Buildings	8,132,000	7,957,000
Machinery and equipment	9,132,000	8,941,000
	$18,230,000	$17,969,000
Less accumulated depreciation	10,698,000	10,300,000
Total fixed assets	$ 7,532,000	$ 7,669,000
Total assets	$33,803,000	$35,618,000

LIABILITIES AND SHAREHOLDERS' EQUITY

	1967	1966
Current:		
Bank borrowings (note 1)	$ 8,136,000	$12,854,000
Accounts payable and accrued charges	4,059,000	4,263,000
Income and other taxes payable	913,000	1,752,000
Deferred income taxes — current portion (note 2)	1,033,000	1,036,000
Current instalments on long-term debt, and accrued interest	217,000	316,000
Total current liabilities	$14,358,000	$20,221,000
Long-term debt (net of current instalments) (note 3)	$ 5,312,000	$ 1,734,000
Deferred income taxes — non current portion (note 2)	$ 653,000	$ 665,000
Shareholders' equity:		
Capital (note 4) —		
Authorized: 2,000,000 common shares without par value		
Issued: 484,204 common shares	$ 1,569,000	$ 1,548,000
Contributed surplus	500,000	500,000
Retained earnings (note 5)	11,411,000	10,950,000
Total shareholders' equity	$13,480,000	$12,998,000
Total liabilities and shareholders' equity	$33,803,000	$35,618,000

On behalf of the Board: P. F. FOWLE, Director
R. M. CALHOUN, Director

For notes to the Consolidated Statements see pages 11 & 12

WESTEEL-ROSCO LIMITED

Consolidated Statement of Profit and Loss

For the year ended December 31, 1967
(with comparative figures for the year 1966)

	1967	1966
Sales	$60,256,000	$66,866,000
Cost of sales, selling, administrative and financial expenses before the following —	$57,622,000	$62,789,000
Depreciation	789,000	799,000
Remuneration of directors (including the compensation of those holding executive office)	141,000	139,000
Interest on long-term debt	255,000	111,000
Income taxes	747,000	1,526,000
	$59,554,000	$65,364,000
Net operating profit	$ 702,000	$ 1,502,000
Extraordinary items (net of the related income taxes):		
Profit on sale of fixed assets	$ 144,000	$ 3,000
Plant moving and rearrangement expenses	(95,000)	
	$ 49,000	$ 3,000
Net profit for the year	$ 751,000	$ 1,505,000

Consolidated Statement of Retained Earnings

For the year ended December 31, 1967
(with comparative figures for the year 1966)

	1967	1966
Balance, beginning of year	$10,950,000	$ 9,734,000
Net profit for the year	751,000	1,505,000
	$11,701,000	$11,239,000
Dividends paid during the year	290,000	289,000
Balance, end of year	$11,411,000	$10,950,000

WESTEEL-ROSCO LIMITED

Consolidated Statement of Source and Application of Funds

For the year ended December 31, 1967
(with comparative figures for the year 1966)

	1967	1966
SOURCE OF FUNDS:		
Net profit	$ 751,000	$ 1,505,000
Add charges which did not reduce working capital —		
Depreciation	789,000	799,000
Deferred taxes	(36,000)	186,000
Funds from operations	$ 1,504,000	$ 2,490,000
Increase in long term debt	$ 3,578,000	
Sale of common shares from treasury	21,000	$ 18,000
Decrease (increase) in mortgages receivable	37,000	14,000
	$ 5,140,000	$ 2,522,000
APPLICATION OF FUNDS:		
Purchase of fixed assets less proceeds on disposal	$ 652,000	$ 1,124,000
Reduction in long term debt		267,000
Dividends paid	290,000	289,000
	$ 942,000	$ 1,680,000
Increase in consolidated working capital	$ 4,198,000	$ 842,000

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Security for bank borrowings

   Accounts receivable and inventories are pledged as security against bank borrowings.

2. Deferred income taxes

   The company has continued its practice of computing the provision for taxes based on the reported profit; however, timing differences between the reporting of revenue and expense transactions for tax purposes and their inclusion in reported profit give rise to deferred income taxes. In accordance with the practice recommended by the Canadian Institute of Chartered Accountants short-term deferments have been shown in 1967 as deferred income taxes, current portion whereas accruals not payable until after the following year have been shown as deferred income taxes, non-current portion; the 1966 amounts have been restated to conform.

3. Schedule of long-term debt

	1967	1966
Note, payable in equal annual instalments of principal to 1975 with interest at 5.85%	—	$1,333,000
Debenture, payable in equal annual instalments of principal to 1975 with interest at 7.25%	$1,167,000	—
Bank term loan, payable $100,000 annually 1968-1969	—	200,000
7.25% bank term loan, payable in 1972	4,000,000	—
Loan, Industrial Development Bank	145,000	201,000
Total long-term debt	$5,312,000	$1,734,000

Continued page 12

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. Share options outstanding

At December 31, 1967 800 common shares were reserved for issuance under options granted to employees at a price of $10.25 per share; the options are exercisable on a cumulative basis to 1970 and expire in 1972. During 1967 employees exercised their options with respect to 2,000 shares.

5. Dividend restrictions

Under an agreement with the holder of the 7.25% debenture, cash dividends are restricted to the sum of (a) 70% of the amount by which consolidated earnings from January 1, 1967 exceed repayments on such debentures plus (b) $1,000,000. At December 31, 1967 $1,119,000 of earnings retained for use in the business was not so restricted.

6. Contingent liability

Contingent liabilities include litigation in progress, the results of which are uncertain; in the opinion of counsel no material liability is anticipated.

AUDITORS' REPORT

To the Shareholders of
Westeel-Rosco Limited:

We have examined the consolidated balance sheet of Westeel-Rosco Limited as at December 31, 1967 and the consolidated statements of profit and loss and retained earnings, and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the companies as at December 31, 1967 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada,
March 7, 1968.

CLARKSON, GORDON & CO.
Chartered Accountants

WESTEEL-ROSCO LIMITED

TEN YEAR COMPARISON

(IN THOUSANDS OF DOLLARS)

		1967	1966	1965	1964	1963	1962	1961	1960	1959	1958
Sales	$	60,256	66,866	59,180	26,473	25,760	26,459	22,768	25,976	24,351	21,658
Operating profit	$	1,449	3,028	1,957	525	(150)	533	83	810	1,252	1,197
% operating profit to sales		2.40%	4.53%	3.31%	1.98%	(.58%)	2.01%	.36%	3.12%	5.14%	5.53%
Income taxes	$	747	1,529	917	135	—	230	70	390	645	590
Net profit	$	751	1,505	1,202	242	(178)	303	13	420	607	607
Common shares outstanding		484,204	482,204	480,404	476,504	472,604	472,604	472,604	472,604	472,604	472,604
Earnings per common share	$	1.55	3.12	2.50	.51	(.38)	.64	.03	.89	1.28	1.28
Dividends per common share	$	.60	.60	.15	.15	.15	.15	.35	.70	.80	.80
Working capital	$	11,380	7,182	7,103	5,405	6,489	8,168	7,708	7,858	8,544	8,159
Working capital ratio		1.79	1.36	1.39	1.33	2.33	3.50	5.11	4.07	4.10	5.22
Capital expenditures	$	652	1,124	761	333	1,678	510	325	1,232	306	345
Depreciation	$	789	799	796	545	575	498	526	481	452	468
Gross assets	$	33,803	35,618	33,206	29,679	17,219	16,046	14,626	15,663	15,719	14,657
Book value per common share	$	27.84	26.96	24.49	22.23	21.97	22.50	22.00	22.33	22.14	21.28
Earnings as percentage of capital employed — Jan. 1		5.78%	12.79%	11.34%	2.33%	(1.7%)	2.92%	.01%	4.01%	6.03%	6.18%

MODERNIZATION AND CONSOLIDATION

EDMONTON ST. BONIFACE TORONTO

During 1967 major progress was made in our plant modernization and consolidation programme.

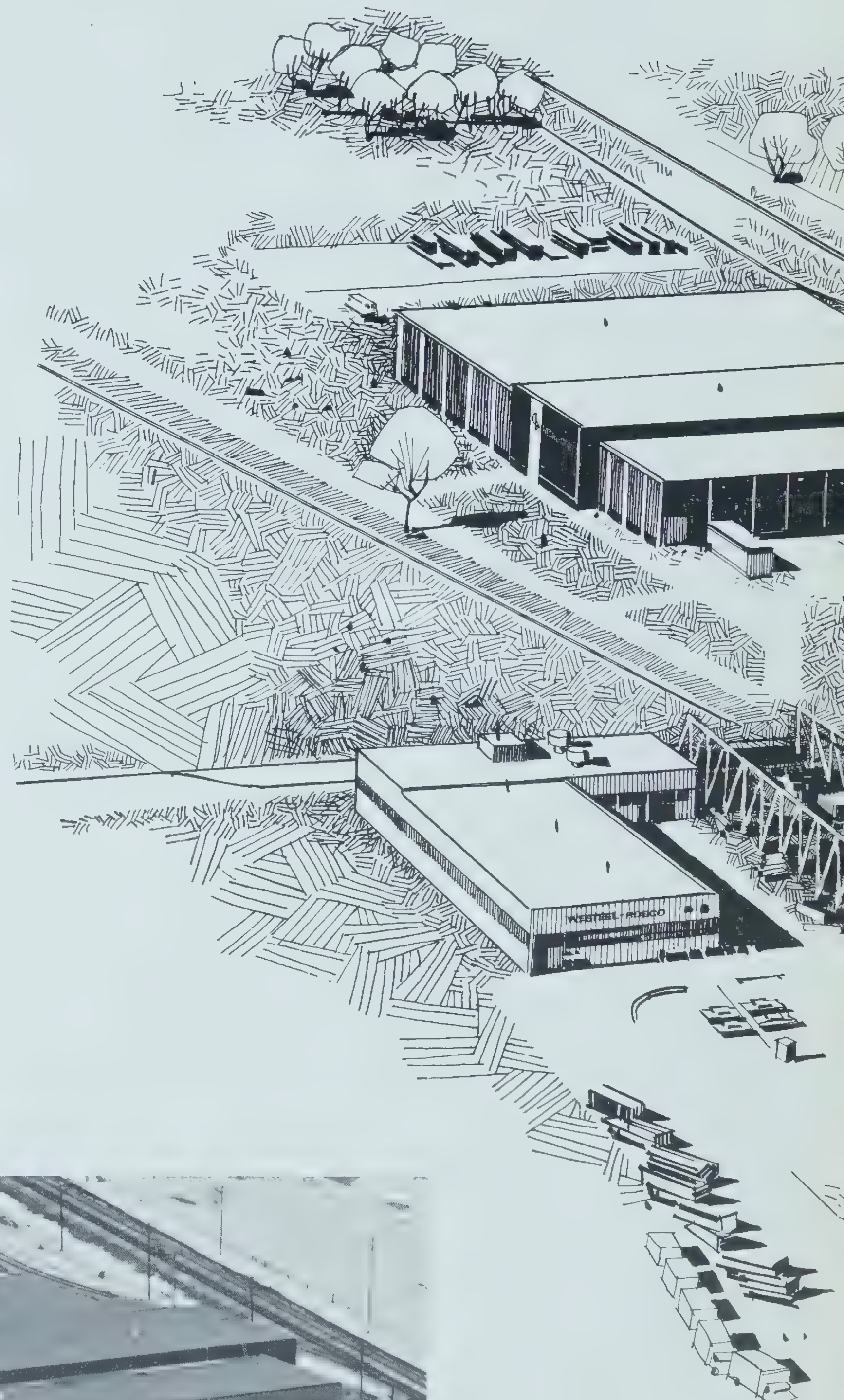
The new Edmonton plant, located on property comprising approximately 18½ acres, allows room for future expansion. The plant, with 42,000 sq. ft. of manufacturing and warehousing area, is serviced by overhead cranes and the railway spur provides for inside loading and unloading. The office building, in front of the plant, provides 6,000 sq. ft. for offices, washrooms, lunchrooms and storage.

Renovation of our St. Boniface plant is almost complete. An old two-story section has been replaced with a modern single-story structure providing improved and more versatile manufacturing facilities. In-plant rail spur, truck bays, overhead crane and 102,920 sq. ft. of manufacturing area have been provided.

Our new plant 27-3 joins plants 1 and 2 at Rexdale, as shown in the diagramatic sketch.

Plant 27-3 replaces our Oakville plant and provides an additional 78,000 sq. ft. of manufacturing area, bringing the total on this 24½ acre site up to 187,000 sq. ft. This consolidates our manufacturing operations in the Toronto area, eliminating duplicate services, reducing inventories and providing for better supervision.

The result of this modernization and consolidation programme will be to reduce costs in these manufacturing operations.



27-3 Rexdale

Edmonton

DIRECTORY

HEAD OFFICE: Winnipeg, Manitoba

EXECUTIVE OFFICE: 1 Atlantic Avenue, Toronto 3, Ontario

MANUFACTURING PLANTS AND WAREHOUSES

Eastern Region	Halifax:	12 Mont Street, Spryfield, N.S. (Mail address: P.O. Box 2227, Halifax, N.S.)
	Quebec:	1200 La Canardiere Road, Quebec 3, P.Q.
	Montreal:	4107 Richelieu Street, Montreal 30, P.Q. 355 Guy Street, Montreal 3, P.Q.
Central Region	Ottawa:	1601 Michael Street (Mobile Route #1, Postal Stn. E), Ottawa 15, Ont.
	Toronto:	Highway 27 at Belfield Road, Rexdale, Ont.* 218 Belfield Road, Rexdale, Ont.* 60 Enterprise Road, Rexdale, Ont.
	London:	2214 Osler Street (P.O. Box 4484, Stn. C), London, Ont.
Prairie Region	Fort William:	440 Balmoral Street (P.O. Box 692), Fort William, Ont.†
	Winnipeg:	Desautels Street, St. Boniface, Man. (Mail address: P.O. Box 792, Winnipeg 1, Man.)
	Regina:	1100 Scarth Street, Regina, Sask.
	Saskatoon:	Avenue F and 22nd Street W. (P.O. Box 1370), Saskatoon, Sask.
Western Region	Calgary:	1902-11th Street, S.E. (P.O. Box 2600), Calgary, Alta.
	Edmonton:	6210-75th Street (P.O. Box 5740, Stn. L), Edmonton, Alta.
	Vancouver:	8449 Main Street, Vancouver 15, B.C.

*Sales offices at all locations above except those marked.
†Sales office only.

WESTEEL-ROSCO LIMITED

ANNUAL REPORT 1967

~~Corp Report~~ File

WESTEEL-ROSCO LIMITED

July 26, 1967

INTERIM REPORT TO SHAREHOLDERS

Consolidated sales, at $27,836,000, are 2.8% less than for the first six months of 1966, and the after-tax profit of $375,000, or 78¢ per share, compares with $435,000, or 90¢ per share, for the same period last year.

The activities of the company during the first half of 1967 have been hampered by a general slow-down in the pace of the Canadian construction industry, particularly in the east, and by unsettled labour conditions in the Toronto area.

Our backlog of orders remains satisfactory, despite the reduced rate of growth of the Canadian economy. Increased competition has applied pressure to profits and limited the ability of the company to recover all increases in material and labour costs. To offset this, we are continuing our programme of improving production and material-handling facilities. Towards this end, two major construction programmes are now under way, one in Winnipeg and one in Toronto. These and other improvements lead us to anticipate a generally satisfactory year.

R. M. Calhoun,
President.

WESTEEL-ROSCO LIMITED

INTERIM REPORT TO SHAREHOLDERS

COMPARATIVE CONSOLIDATED INCOME STATEMENT*
FOR SIX MONTHS ENDED JUNE 30, 1967 AND 1966

	SIX MONTHS ENDED	
	JUNE 30, 1967	JUNE 30, 1966
Sales	$ 27,836,000	$ 28,627,000
Cost of sales, selling, administrative and financial expenses before the following	26,625,000	27,309,000
Depreciation	402,000	377,000
Interest on long-term debt	54,000	68,000
	$ 27,081,000	$ 27,754,000
Profit before taxes on income	$ 755,000	$ 873,000
Provision for taxes on income	380,000	438,000
Net profit for six months	$ 375,000	$ 435,000
Earnings per share	$ .78	$ .90

COMPARATIVE CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS*
FOR SIX MONTHS ENDED JUNE 30, 1967 AND 1966

	SIX MONTHS ENDED	
Source of funds	JUNE 30, 1967	JUNE 30, 1966
Net Profit	$ 375,000	$ 435,000
Add charges which did not reduce working capital		
Depreciation	402,000	377,000
Funds from operations	$ 777,000	$ 812,000
Sale of common shares from treasury	—	14,000
Decrease in mortgages receivable	26,000	23,000
	$ 803,000	$ 849,000
Application of funds		
Decrease (increase) in long-term debt	$ 180,000	$ (48,000)
Purchase of fixed assets less proceeds on disposal	43,000	396,000
Dividends paid	145,000	144,000
	$ 368,000	$ 492,000
Increase in consolidated working capital	$ 435,000	$ 357,000

Toronto, July 26, 1967 **These statements are unaudited*